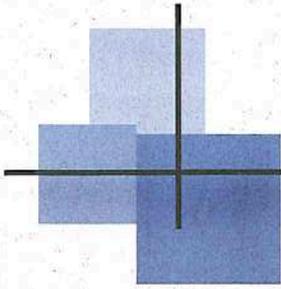


MARKET RESEARCH CONSULTATION
EAST 10.5 ACRES OF
HYLAND GREENS GOLF COURSE PROPERTY
10100 NORMANDALE BOULEVARD
BLOOMINGTON, MINNESOTA

DATE OF REPORT:
August 29, 2016

PREPARED FOR:
City of Bloomington
1800 Old Shakopee Road West
Bloomington, MN 55431

PREPARED BY:
Patchin Messner Dodd & Brumm
Sunset Pond Executive Offices
13961 West Preserve Boulevard
Burnsville, MN 55337



PATCHIN MESSNER DODD & BRUMM

VALUATION COUNSELORS

August 29, 2016

City of Bloomington
1800 Old Shakopee Road West
Bloomington, MN 55431

ATTN: Mr. Matt Gersemehl, SAMA
City Assessor

RE: Market Research Consultation
East 10.5 Acres of
Hyland Greens Golf Course Property
10100 Normandale Boulevard
Bloomington, Minnesota

Dear Mr. Gersemehl:

At your request, we have investigated and reported market data relative to the above-referenced Hyland Greens Golf Course property. The function of this consultation is to provide valuation guidance to City of Bloomington for assessing the feasibility of marketing the easterly 10.5 acres of the property for sale. Included in this report are summaries of market characteristics and comparable sale data for single-family and multi-family residential land uses proximate to Bloomington.

The subject of this report is the east 10.5 acres of the Hyland Greens Golf Course, located at 10100 Normandale Boulevard, in city of Bloomington. Hyland Greens Golf Course is a community course, owned and operated by the city of Bloomington. The golf course property is further identified as Hennepin County tax parcels 28-116-21-33-0003 and 28-116-21-32-0050. The City of Bloomington is investigating the option of selling the subject 10.5 acres for a category of residential development that will not conflict surrounding land uses. While the subject property has not specifically been appraised, potential sale price estimates have been made for each land use category considered for development on the subject.

Based upon inspections of the property, and after consideration of the factors influencing value, it is the appraisers' opinion that the price ranges for each of the residential land use categories that may be developed on the subject are as follows:

Single-Family Residential	\$150,000 to \$175,000 per Acre
Medium-Density Residential	\$175,000 to \$200,000 per Acre
High-Density Residential	\$14,000 to \$16,000 per Unit

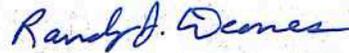
The conclusions are based on the assumptions that right-in/right-out access can be obtained from Normandale Boulevard, and that density requirements are similar to zoning standards of the comparable properties. Additional constraints that may affect price include shape and topography.

This real estate consultation is intended to comply with Standards 4 and 5 of the Uniform Standards of Professional Appraisal Practice (USPAP). This consultation has been made in conformity with accepted professional, ethical and performance standards of real estate appraisal practice. The "Contingent and Limiting Conditions" section of this report should be thoroughly read and understood before relying on any information presented herein.

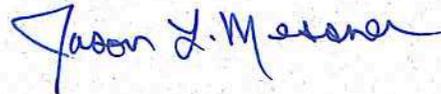
Thank you for allowing our firm to be of assistance in this matter. If you have any questions after reading this report, feel free to contact us at your convenience.

Respectfully submitted,

PATCHIN MESSNER DODD & BRUMM



Randy J. Deones
Certified General Real Property Appraiser
Minnesota License 40264161



Jason L. Messner, MAI
Certified General Real Property Appraiser
Minnesota License 4000836

CERTIFICATION
(Real Estate)

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, un-biased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. I have made a personal inspection of the property that is the subject of this report from public right-of-way.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. No one provided significant professional assistance to the persons signing this report, except as noted herein.
11. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. This appraisal cannot be completely understood without reading the "Contingent and Limiting Conditions" section of this report, which should be thoroughly read and understood before relying on any information or analysis presented herein.
13. As of the date of this report, Randy J. Deones has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.



Randy J. Deones

8-29-16

Date

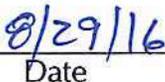
CERTIFICATION
(Real Estate)

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, un-biased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. I have made a personal inspection of the property that is the subject of this report.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. No one provided significant professional assistance to the persons signing this report, except as noted herein.
11. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. This appraisal cannot be completely understood without reading the "Contingent and Limiting Conditions" section of this report, which should be thoroughly read and understood before relying on any information or analysis presented herein.
13. As of the date of this report, Jason L. Messner has completed the continuing education program requirements for Designated Members of the Appraisal Institute.



Jason L. Messner



Date

SUMMARY OF SALIENT FACTS

Fee Owner:	City of Bloomington
Location:	10100 Normandale Boulevard Bloomington, Minnesota
Date of Consultation:	August 18, 2016
Date of Inspection:	July 13, 2016
Zoning:	R-1, Single-Family Residential District
Guiding:	Public; Adjoining lands are guided for low-density residential, medium-density residential and high-density residential uses.
Site Area:	10.5 Acres
Site Description:	<p>The subject boundary is irregular in shape, as shown on the following aerial photograph. The site is generally open, with scattered mature trees and landscaping. There is a small wetland area of approximately 0.66 acres in the south portion of the site. The north portion of the site slopes upward at a grade of approximately 5%, with minor areas of steep slopes.</p> <p>The site is improved with asphalt cart paths, drive aisles and parking area, fencing, and a former golf driving range building.</p>

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PHOTOGRAPHS OF SUBJECT



Looking South at Subject from North Central Portion



Looking West at Subject from Normandale Boulevard

PHOTOGRAPHS OF SUBJECT



Looking East at South Portion of Subject



Looking North at Subject from Southerly Parking Area

PHOTOGRAPHS OF SUBJECT



Looking North at Subject from Former Golf Driving Range Building



Former Golf Driving Range Building

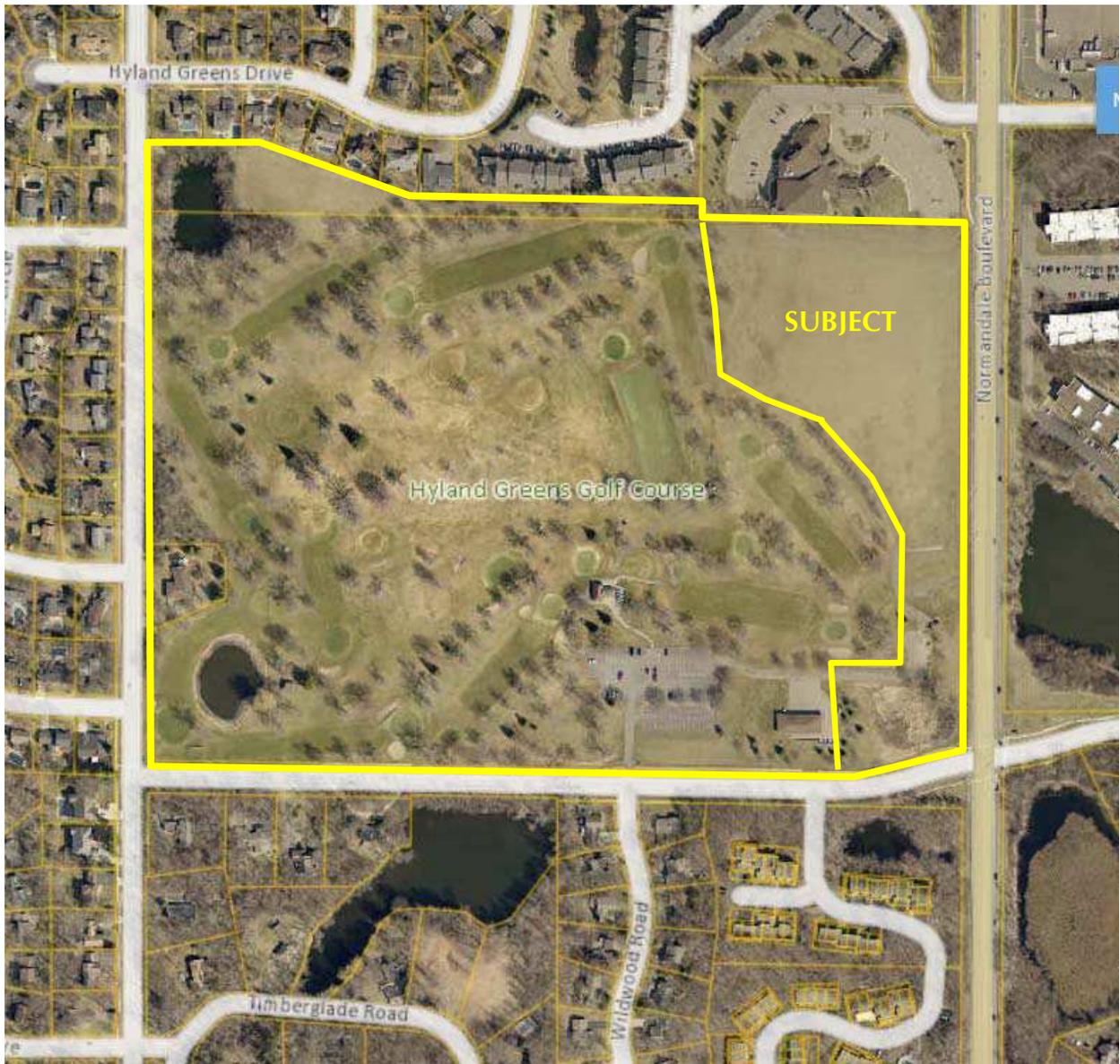
PHOTOGRAPHS OF SUBJECT



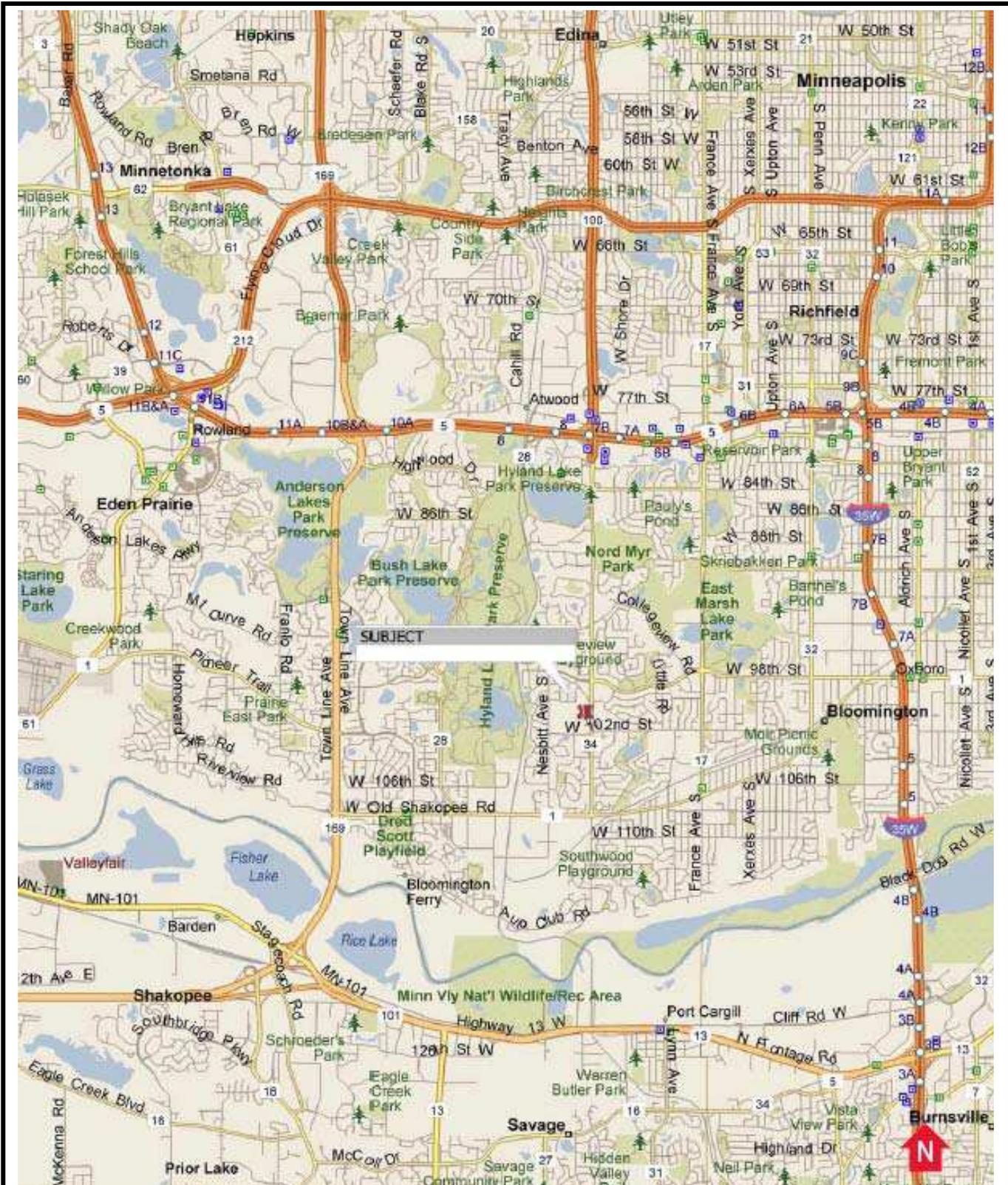
Looking South at Wetland Area in South Portion of Site



Looking Northwest at Subject from Normandale Boulevard



AERIAL VIEW OF SUBJECT



LOCATION MAP

SUBJECT PROPERTY

The subject property is the east 10.5 acres of the Hyland Greens Golf Course, located in city of Bloomington. Hyland Greens Golf Course is a community course, owned and operated by the city of Bloomington, further identified as Hennepin County tax parcel 28-116-21-33-0003 and 28-116-21-32-0050.

DATE OF CONSULTATION

The effective date of this consultation is August 18, 2016.

INSPECTION OF THE PROPERTY

Jason Messner inspected the property on July 13, 2016. Randy Deones subsequently inspected the subject from public right-of-way.

PROPERTY OWNERSHIP

The subject property is owned by the City of Bloomington.

SALES HISTORY

Hennepin County records show there have been no sales of the subject property for the past three years.

INTENDED USE OF CONSULTATION

The function of this consultation is to provide valuation guidance to the City of Bloomington for assessing the feasibility of marketing the subject property for sale.

INTENDED USER

The intended user of this consultation report is the City of Bloomington.

PURPOSE OF CONSULTATION

The purpose of this consultation is to provide a description of the subject property and the surrounding market. Additionally, this consultation includes investigation of competitive residential sales in the market area and estimates of land prices for various residential densities.

COMPETENCY OF APPRAISERS

Jason L. Messner, MAI, and Randy J. Deones have the knowledge and experience to complete this consulting assignment competently and in compliance with USPAP. Refer to the Appraisers' Qualifications in the Addenda of this report for further details.

SCOPE OF WORK

This document is intended to provide a market research consultation, and no market value conclusions have been made. This consultation is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP). The data and analyses contained in this report and the appraiser's files provide the basis for the information provided herein.

SCOPE OF WORK

The function of this report is to provide valuation guidance for marketing purposes. In this report, the following data and concepts have been examined.

1. Physical Characteristics of Real Property, including:

Inspection of the Subject – The inspection was conducted in order to gather information about the physical characteristics of the subject that are relevant to the market.

Review of available Aerial Maps

Observation of the Local Market and the Subject's Place within this Market

2. Non-Physical Characteristics of Real Property, including:

Legal Description – The legal description of the entire Hyland Greens Golf Course property was obtained from County Assessor records, and is assumed to be accurate. The previous aerial photograph and subsequent Partial Development: Scenario A map in the Land Description section of this report are sufficient to define the location of the subject 10.5 acres for this consultation.

Existing Road and Utility Easements

Tax and Assessment Data

Zoning and Land Use Data - We have examined zoning and land use data from the City of Bloomington.

3. Observations and Data Concerning the Subject Property's Market and Transactions within this Market:

Sales of Land – In order to gather the comparable sales, we searched our internal files, as well as transaction data on Northstar Multiple Listing Service, eCRV and RediComps.

Observed Supply/Demand Factors of the Market

Financing available within the Market

Perception of the Market as to the Future

ENVIRONMENTAL CONSIDERATIONS

Based upon inspection of the subject property, it is assumed that no environmental concerns such as PCBs, toxic and hazardous soil or ground water contamination exist upon the subject property as of the date of this consultation report. However, the reader is advised that the appraisers are not qualified to perform inspections concerning the existence or absence of environmental concerns.

CITY AND NEIGHBORHOOD DATA

Population

According to the 2010 census, the seven-county metropolitan area had a total population of 2,849,567. Based upon data compiled in the U.S. Census Bureau, the Metropolitan Council reports the following population trends for the city of Bloomington, as well as Hennepin County and the Metropolitan Area.

Population	City of Bloomington	Hennepin County	Seven County Metropolitan Area
2000 Census	85,172	1,116,206	2,642,062
2010 Census	82,893	1,152,425	2,849,567
2015 Estimate*	87,224	1,221,703	3,005,419
2020 Estimate*	86,100	1,255,220	3,127,660
2030 Estimate*	89,400	1,329,580	3,388,950

* Data from the Metropolitan Council's Community Profiles

The metropolitan area grew by 7.85% from 2000 to 2010. This equates to a 0.76% annual compounded growth rate. In comparison, Hennepin County grew by 3.2% between 2000 and 2010. Over the same period, Bloomington's population decreased 2.7%. However, the Metropolitan Council's estimates for 2015 indicate that Bloomington has experienced some recent growth.

CITY AND NEIGHBORHOOD DATA

Households

Based upon data compiled by the U.S. Census Bureau, the Metropolitan Council reports the following household trends for the city of Bloomington, Hennepin County and the Metropolitan Area.

Households	City of Bloomington	Hennepin County	Seven County Metropolitan Area
2000 Census	36,400	456,131	1,021,456
2010 Census	35,905	475,913	1,117,749
2015 Estimate*	37,622	504,178	1,176,655
2020 Estimate*	38,100	528,090	1,256,580
2030 Estimate*	39,700	566,360	1,378,470

* Data from the Metropolitan Council's Community Profiles

The household data indicate that all areas have realized growth between 2000 and 2010, with the one exception being the city of Bloomington. However, growth in the number of households is expected to increase for all areas from 2015 forward. Bloomington is expected to expand the number of households by approximately 1.3% between 2010 and 2020.

Neighborhood

The subject property is located in southern Hennepin County in the city of Bloomington, Minnesota. Bloomington is a largely developed, second-ring suburban community in the Minneapolis/St. Paul Metropolitan Area.

The neighborhood is described as the west-central portion of Bloomington lying north of Old Shakopee Road, south of Interstate 494, and east of the Hyland Lake Park Reserve. The subject's neighborhood is primarily residential in nature. However, the neighborhood includes a variety of residential property types. The area north of the subject is improved with both single-family lots, apartments and a church. East of the subject, across Normandale Boulevard, there are condominiums and apartments. Also, single-family homes and townhouses are developed south of the subject.

CITY AND NEIGHBORHOOD DATA

Neighborhood

While current access to the easterly 10.5 acres is somewhat circuitous via a drive aisle through the golf course property, the subject property has road frontage on Normandale Boulevard along the east boundary. Normandale Boulevard is improved with bituminous street surfacing, concrete curb and gutter, and an in-ground storm sewer system. The street improvements are in good condition. All public utilities are also available to the subject, including municipal water and sanitary sewer.

As noted previously, the subject is the east 10.5 acres of the Hyland Greens Golf Course property. Thus, residents of the subject would have immediate access and view amenities to recreational activities on the golf course. Furthermore, the Hyland Lake Park Reserve is located a short distance to the west.

In conclusion, the subject neighborhood is mostly developed with a mixture of residential land uses, with nearby recreational opportunities. Given the convenient access to Interstate 494 to the north, Interstate 35W to the east and T.H. 169 to the west, Bloomington and the subject neighborhood are anticipated to remain viable into the future. However, growth is likely to be modest as infill lots become available for development, or redevelopment of older improved lots take place.

RESIDENTIAL MARKET

As part of the consultation process, an analysis of the market affecting the subject property is conducted. This analysis helps lead to conclusions concerning the marketability of the subject property and land values for different residential property types. The appraisers analyzed sales and listing data from the Multiple Listing Service (MLS), with search parameters that included single-family residential property within the City of Bloomington.

At the end of August 2016, there are 207 properties listed for sale, as compared to 1,276 closed sales during the previous 12 months. As such, there is roughly a two-month supply of housing available. Furthermore, only 6.5% of sales in 2015 and 2016 were

RESIDENTIAL MARKET

considered distressed sales, which is an improvement over 2014 when 12.4% of all sales were distressed. The average price per finished SF increased by about 4.8% over the past 12 months, as compared to the previous year. Given the above, and considering the decrease in the percentage of distressed sales, the local residential market is strong and will remain a good seller's market in the near-term due to the short supply of inventory.

With regard to the multi-family market, a review of the general metropolitan area is presented. The information in this market analysis is primarily obtained from Cushman & Wakefield's January and July 2016 "The Compass" reports for Minneapolis/St. Paul.

"The Compass" reports the following regarding changes in 2015 and trends for 2016:

Multi-Family

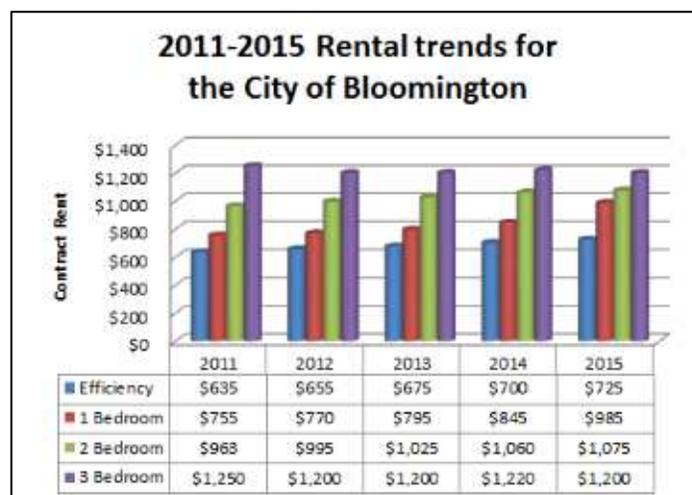
- The apartment market has sustained its low vacancies and strong absorption even amid a flurry of new development. The apartment vacancy rate is 3.2% for the entire metropolitan area. That is a testament to the strong demand in the market, which is all the more notable given the influx of new supply. During the past three years (2013-2015) approximately 10,000 new market-rate units have been completed.
- Rents continue to rise at newly constructed properties, and owners of Class B and C properties are making improvements as they also look for leverage to raise rents. The Twin Cities posted an overall average market rent of \$1,053 as of third-quarter 2015, 4.6% higher than compared to a year ago. There have been some concessions offered at new properties to speed lease-up, which puts year-over-year effective rent growth at 1.0%. However, those concessions have been modest and are disappearing relatively quickly as properties have filled up.
- The top market rents for downtown, luxury high-rise projects, are more than \$2.50 per SF, with some of the smaller units, studios and one-bedrooms, reporting average rents of more than \$2.70 per SF. Stick-built properties in the urban core are asking for an average of around \$2.30 per SF. Existing owners have traditionally been conservative in raising rents. This in-demand market presents considerable opportunity among Class B and Class C properties to make improvements and introduce higher rents.

RESIDENTIAL MARKET

Multi-Family

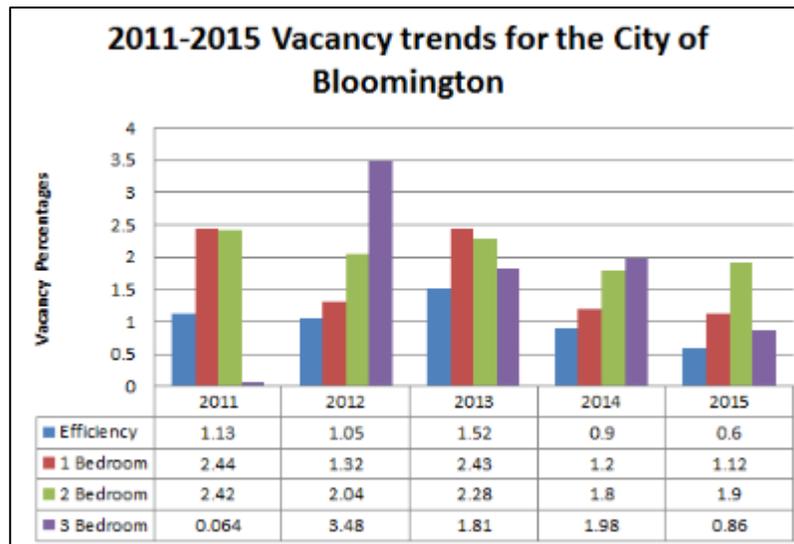
- Development has been focused largely in Downtown Minneapolis where 2,040 units were completed between April 2014 and December 2015. Vacancies did jump up to 9-10% downtown as new projects came on line at once. However, vacancies in that submarket subsequently declined to 4.4% for stabilized properties and 7.0% for all properties, including those projects still undergoing lease-up.
- The number of new developments has been one of the top stories in the multi-family sector in recent years. More than 14,000 market-rate units have been delivered in the past four years. Another 3,900 units are expected to come on line in 2016 with construction likely to taper off slightly in 2017. New projects are filling up fast, including some that are opening their doors at 20% occupancy. However, development has shifted outward into suburbs such as Maple Grove, Woodbury and Edina. In 2014, 25% of construction was suburban compared with 50% in 2015, and it is expected to expand to 60% in 2016.

Each year the Bloomington Housing and Redevelopment Authority also conducts a rental survey to assess the rental housing market in the City of Bloomington. The following information is the result of a citywide mail survey sent and collected during July and August 2015, and represents a snap-shot look at the Bloomington rental market.



RESIDENTIAL MARKET

Multi-Family



The overall vacancy rate in Bloomington is low which indicates a very tight market. A 5% vacancy rate is considered indicative of a healthy market.

TAX AND ASSESSMENT DATA

It is noted that the subject is owned by the City of Bloomington and exempt from property taxation. Therefore, the City of Bloomington Assessor has not established market values for the subject 10.5 acres or the Hyland Greens Golf Course property.

LOCATION AND LEGAL DESCRIPTION

Location: 10100 Normandale Boulevard
Bloomington, Minnesota

Property Identification
Numbers: 28-116-21-33-0003 and 28-116-21-32-0050 (Hyland Greens
Golf Course)

Legal Description: Lot 2, Block 1, Hyland Greens 2nd Addition
Outlot B, Hyland Hills 6th Addition

Legal description of Hyland Greens Golf Course obtained from
Hennepin County Assessor's records.

ZONING

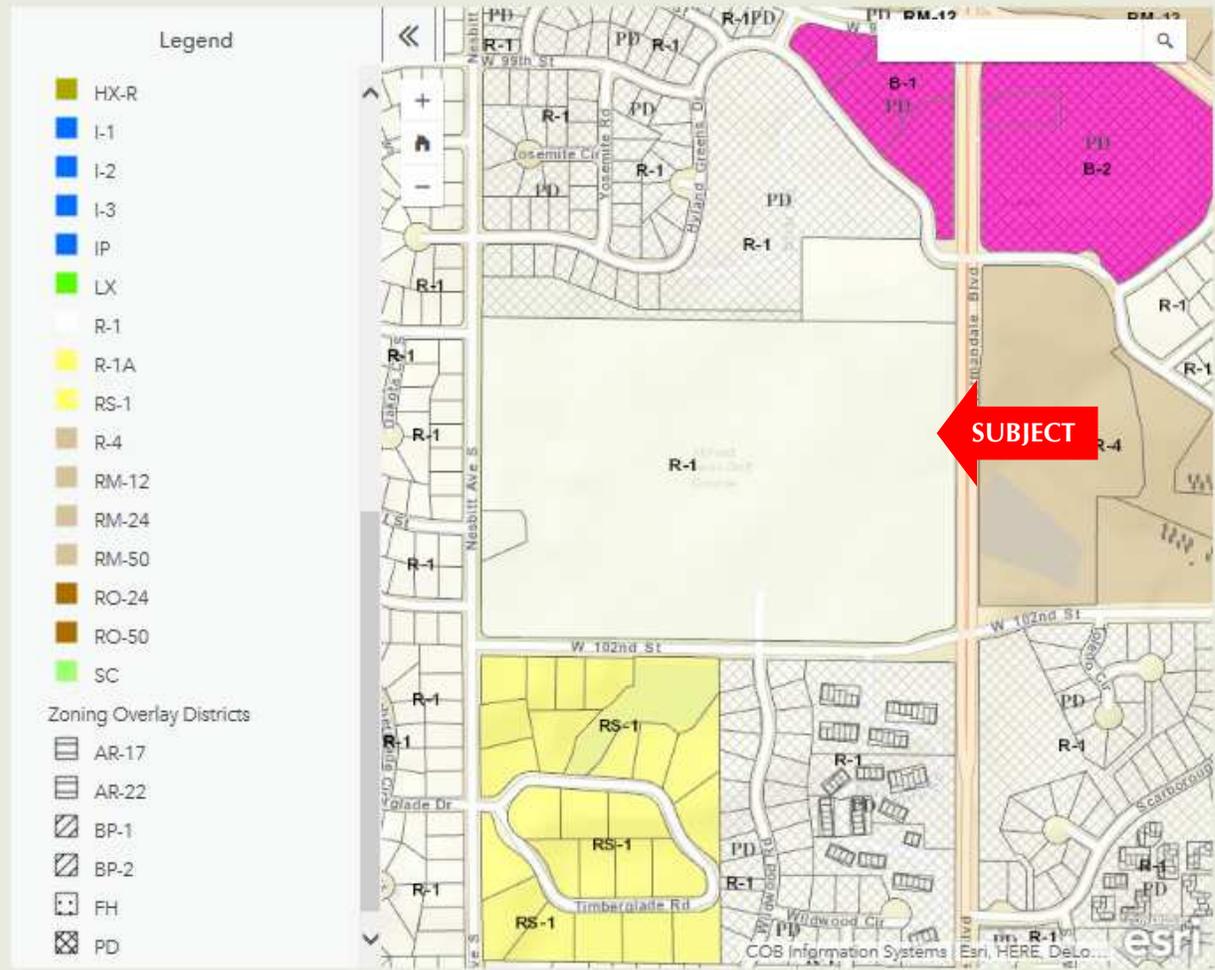
Zoning is administered by the City of Bloomington. As shown on the following zoning and land use maps, the subject is zoned R-1, Single-Family Residential District, and guided for Public use. However, it is noted that zoning for adjoining property includes R-1, Planned Development District and R-4, Multi-Family Residential District to the east of Normandale Boulevard. Furthermore, lands near the subject are guided for low-density residential, medium-density residential and high-density residential land uses.

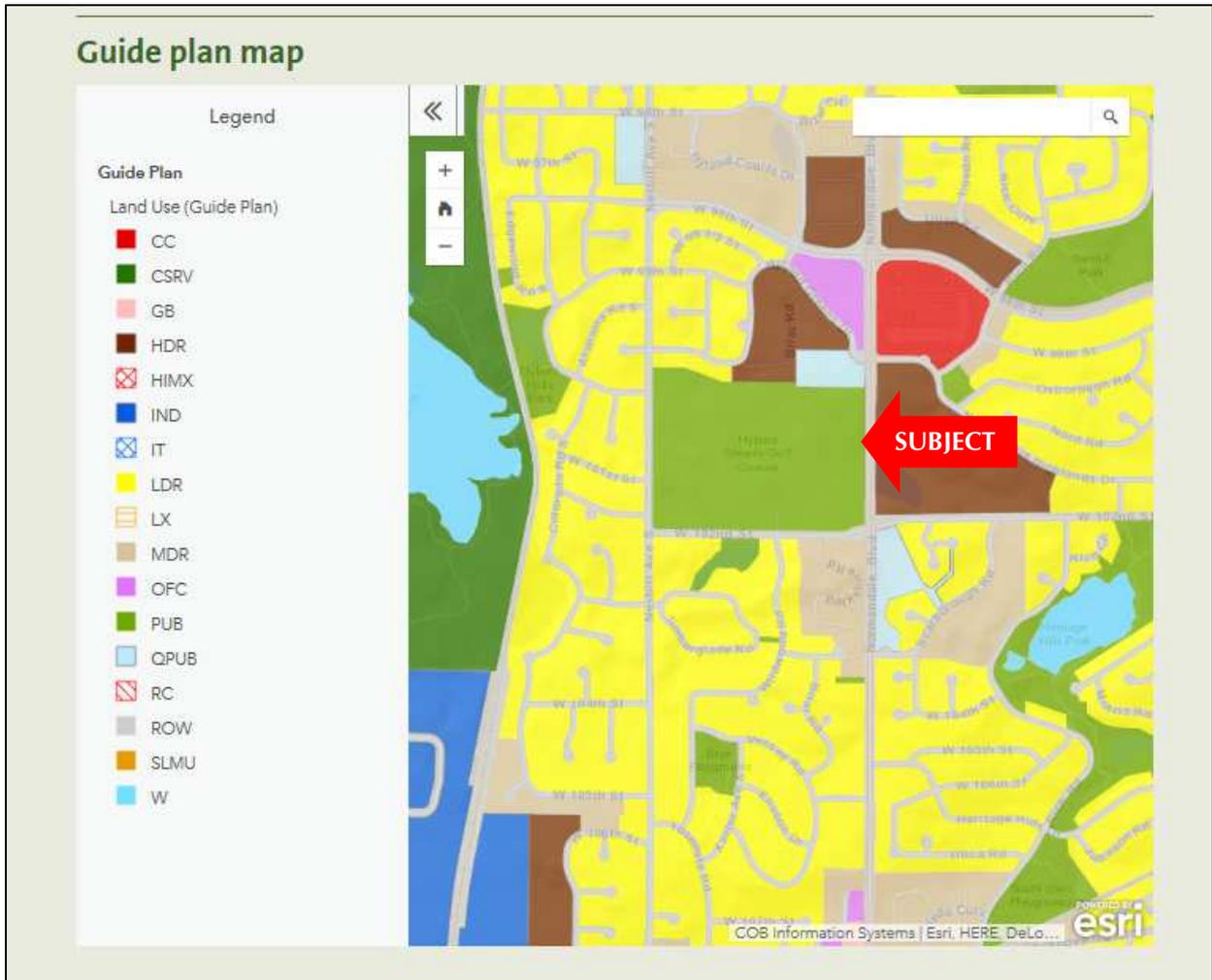
The intent of the R-1 Single-Family District is to serve as the core zoning district for single-family residential uses; allow compatible non-single family residential and institutional uses; and protect natural resources and ensure compatible redevelopment through appropriate development standards. The purpose of the R-4 Multi-Family District is to provide appropriate redevelopment standards in areas already developed as predominantly multiple-family residential uses.

Zoning and guide plan maps

Interactive Zoning Map

This map allows users to identify zoning for specific properties within the City of Bloomington.

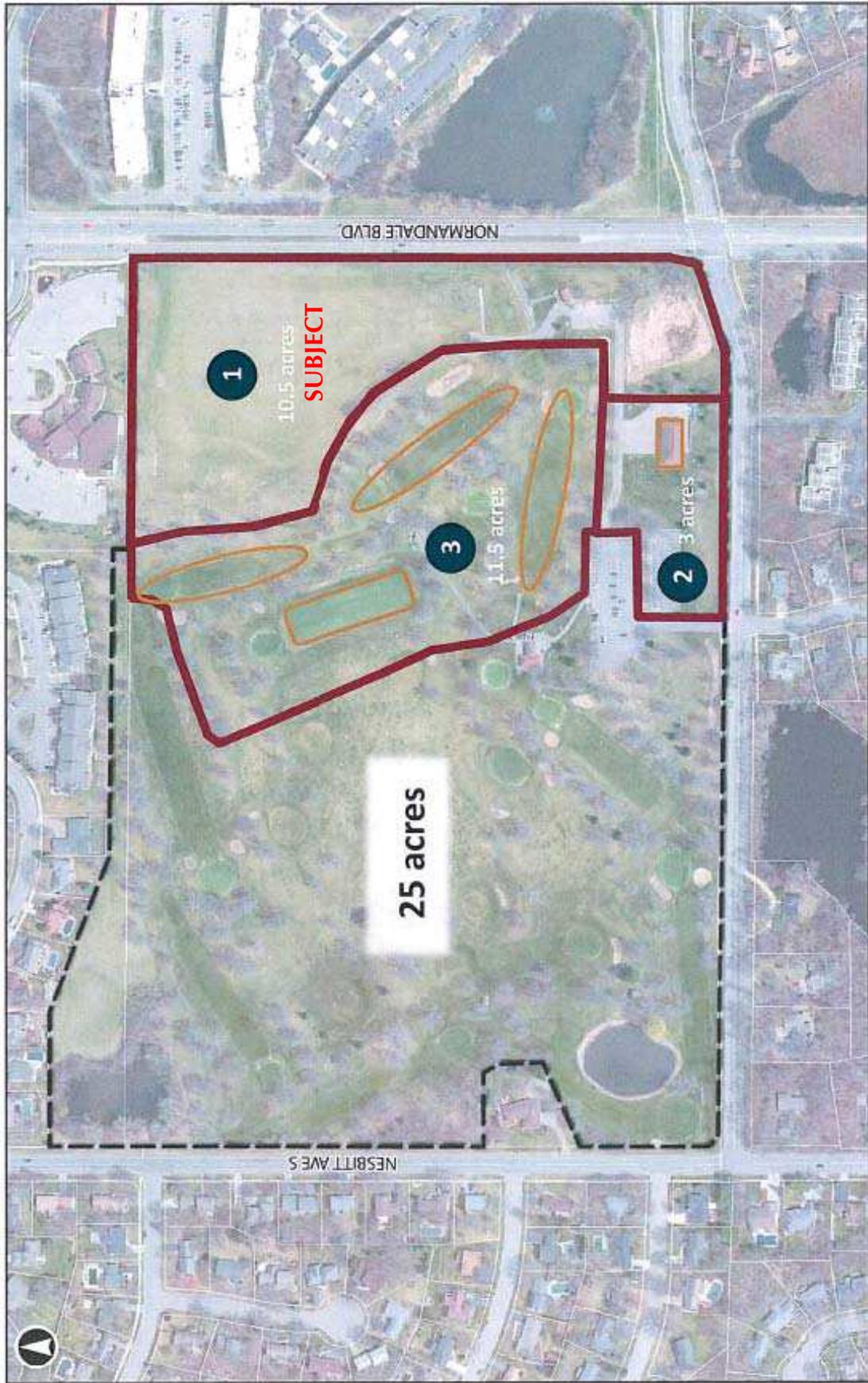




LAND DESCRIPTION

Size:	10.50 acres
Shape:	The subject property is irregular in shape. The subject is identified as Parcel 1 on the following development map provided by the client.
Street Frontage/Access:	<p>The subject has approximately 1,270 feet of frontage on Normandale Boulevard along its easterly boundary, and approximately 320 feet of frontage on 102nd Street West along its south boundary. Traffic volumes for the adjacent roadways are 20,600 AADT (2014), and 3,250 AADT (2013), respectively.</p> <p>The adjoining roadways are improved with bituminous street surfacing with concrete curb and gutter and an in-ground storm sewer system. Currently, access to the subject is only through the adjoining golf course property to the west. The golf course obtains access via one curb cut along 102nd Street West, west of the subject.</p>
Terrain:	The site is generally open, with scattered mature trees and landscaping. There is a small wetland area of approximately 0.66 acres in the south portion of the site. The north portion of the site slopes at a grade of approximately 5%, with minor areas of steep slopes. The north portion of the property is approximately 54 feet higher in elevation than the south portion.
Utilities:	While the subject does not currently utilize public utilities, municipal water and sanitary sewer services are available to the subject.
Flood Hazard:	The property is located in Zone X, areas with minimal flood risk.
	<p>Community Panel Number: 27053C0453E Effective Date: September 2, 2004</p>
Soil Conditions:	The soils appear stable and suitable for typical construction practices. However, neither soils tests nor engineering data have been provided to the appraisers in conjunction with this consultation.

Partial Development: Scenario A



DESCRIPTION OF IMPROVEMENTS

Easements:	While title records have not been provided, the appraisers are not aware of any apparent easements or encumbrances across the subject that would have a deleterious effect on market value.
Building and Site Improvements:	The site is improved with asphalt cart paths, drive aisles and parking area, fencing, and a former golf driving range building.

PROJECT DESCRIPTION

The Bloomington City Council created the Hyland Greens Task Force in 2015 to look at the future of Hyland Greens Golf and Learning Center. The purpose of the Task Force was to evaluate the golf course's current state and explore future usage of the facility. The Task Force recommended that the City further investigate a partial development option. By selling off the eastern portion of the site, a portion of the proceeds could be reinvested in updating the facility.

The City of Bloomington has selected the subject property as one area for development that would still allow for continued golf course operations. Neighboring land uses include single-family residential, townhouse and apartment developments. Therefore, development of the subject with low-density residential, medium-density residential and/or high-density residential uses would be complimentary to surrounding land uses.

LAND USE CATEGORIES

While the subject property has not specifically been appraised, land sales with similar development potential were investigated. The search focused on sales in the southern metropolitan area that closed between January 2014 and July 2016. However, given the low demand for townhome development, the search for medium-density residential sales was expanded to the larger metropolitan area and a few sales from 2013 are included.

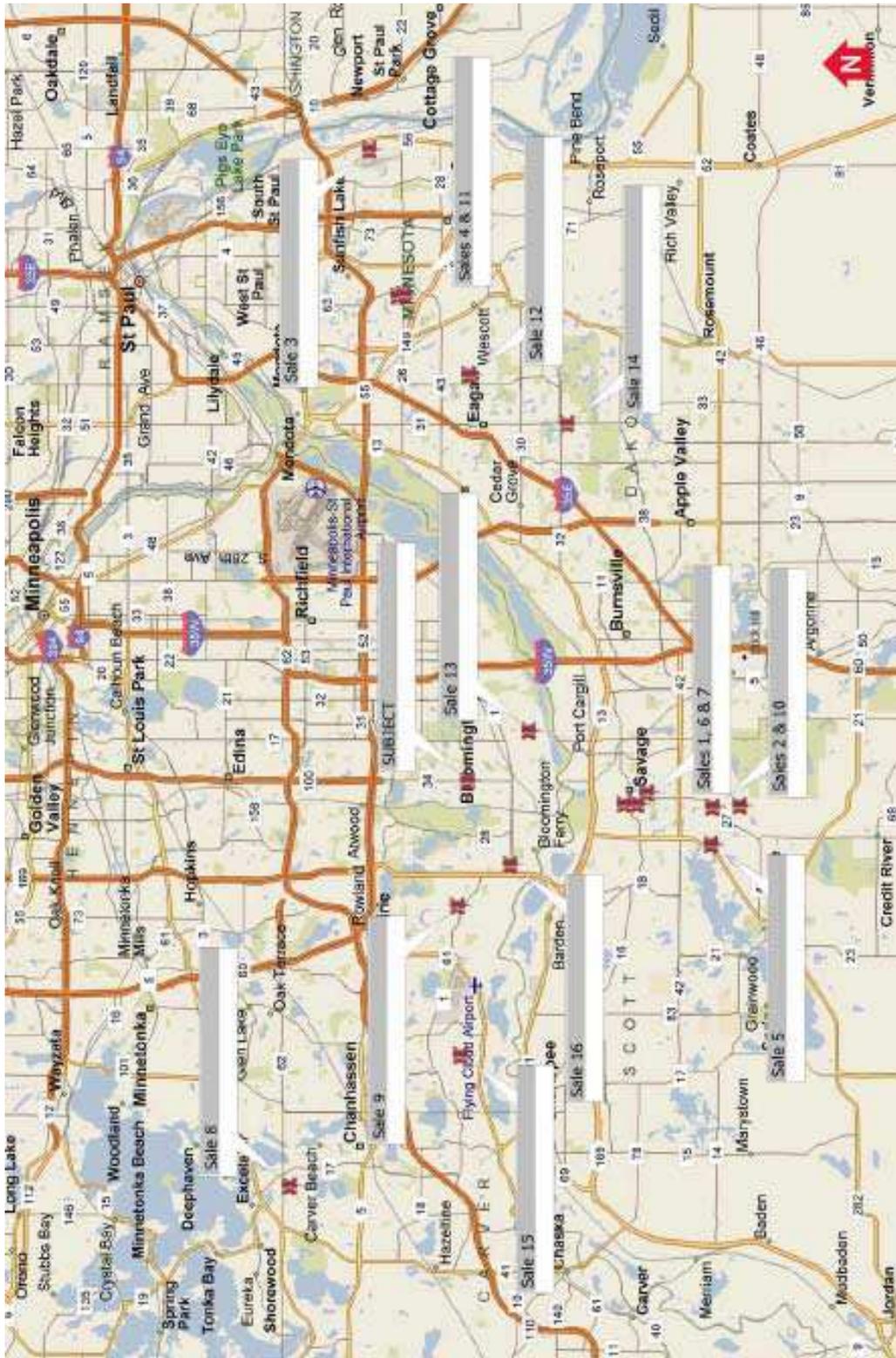
LAND USE CATEGORIES

It is noted that there are a variety of property types within the high-density residential category, i.e., senior housing, assisted-living units, market rate apartments, luxury apartments, low-income or workforce housing. As an element of this consultation assignment, we investigated multi-family and senior housing with both market rate and affordable apartments. Even though the market for rental units has been strong for the past several years, there are not sufficient sales in the subject market to identify land value differences between property types with similar densities. Rather, the market indicates that density potential influences value more strongly than the specific property use. The following summary grid of high-density residential sales indicates that buyers focus on price per unit when negotiating the purchase of development property.

In order to gather the comparable sales, we searched our internal files, as well as transaction data on the Northstar Multiple Listing Service, eCRV and Redicoms. Sales were selected based on comparability to the subject in regards to the intended use of the property. The sales are divided into three categories based on the allowed density or actual density resulting from development. The sales are segregated as follows:

Low-Density Residential	4 Units or Less per Acre
Medium-Density Residential	5 to 10 Units per Acre
High-Density Residential	11 Units or More per Acre

The comparable sales for each category of land use are identified on a location map, followed by a summary grid and a narrative analysis of land prices. The first category presented is low-density residential.



COMPARABLE SALES LOCATION MAP – LOW-DENSITY RESIDENTIAL

Single-Family Residential Land Sales Summary Grid											
Comp. No.	Location (Intended Use)	Buyer Seller	Date of Sale	Acreage	Zoning	Utilities	Sale Price	Spcl Asmnt, Demo Cost, etc.	Total Sale Price	Price Per Acre	Remarks
1	SWC McColi Dr. & Dakota Ave. Savage, MN	CalAtlantic Group, Inc. Karl Bohn	4 / 2016	37.14 AC	PMD	Available	\$3,370,380	\$0	\$3,370,380	\$90,748	Reportedly, this purchase is part of an addition to the 200-home development underway called Providence Ponds.
2	15620 Hampshire Avenue S. Savage, MN	Pulte Homes of Minnesota, LLC John D. Pro, Jay S. & Cindy D. Dittmer Jeffrey D. Petrick	4 / 2016	30.50 AC	R-1	Proximate	\$3,112,500	\$30,000	\$3,142,500	\$103,033	This is the combined sale of three residential parcels. The properties were publicly marketed and each parcel is improved with a single family home. Razing costs are estimated to be \$30,000.
3	xxx 65th Street East Inver Grove Heights, MN Crosby Hills	Eternity Homes, LLC Mary E. Piekarski Trust, u/a/d September 20, 1996 et al.	4 / 2016	5.37 AC	R-1C	Available	\$775,000	\$0	\$775,000	\$144,320	This publicly marketed property has been platted into 23 single-family lots and an outlet. The site was marketed for 160 days. The land is generally open and level, except for a small portion in the northeast corner of the property. Infrastructure costs are expected to be slightly below average due to existing road frontage along the west boundary.
4	South side of 70th St. N. & West of Argenta Trail West, Inver Grove Heights, MN Blackstone Highlands	PeterAndrea Investments, LLC Bernice L. Messerich Trust under Agreement dated August 12, 2003	10 / 2015	14.92 AC	A	Proximate	\$1,065,000	\$5,000	\$1,070,000	\$71,716	This property was not exposed to the open market and was purchased by an adjacent owner. The tract received preliminary plat approval as Blackstone Highlands, a 40-lot, single-family development. The site is improved with some small outbuildings, and razing costs are estimated to be \$5,000. While the land is zoned Agriculture, it is guided for medium density residential.
5	8239 150th Street West Savage, MN Stafford Woods	DR Horton Inc. Minnesota BEAM Properties, LLC	9 / 2015	6.65 AC	PRD	Available	\$750,000	\$20,000	\$770,000	\$115,789	This is a publicly marketed, arm's-length transaction. The site is improved with a single-family home and detached garage. Razing costs are estimated to be \$20,000. An internal subdivision road is stubbed to the west property line for development of this parcel.
6	South of McColi Dr., East of Taylor Dr. Savage, MN Providence First Addition	The Ryland Group, Inc. Bohn Properties Limited Partnership II & Karl Bohn	9 / 2015	66.97 AC	R-2, PMD	Available	\$5,329,620	\$357,000	\$5,686,620	\$84,913	This is the combined sale of two transactions. In spite of the medium density and mixed-use zoning, the Providence First Addition development is comprised of both single-family and twinhome lots. The site was improved with a single-family home and large barn, and razing cost are estimated to be \$20,000. The buyer also assumed the responsibility to pay special assessments of \$337,000.
7	6100 - 138th Street W Savage, MN Connelly Place	Copper Creek Development II, LLC d/b/a Paragon Homes Edith A. Connelly	8 / 2015	6.53 AC	R-1	Available	\$468,000	\$20,000	\$488,000	\$74,732	The property is located adjacent to an electrical substation with a transmission line easement along the northerly portion of the property. The estimated cost for razing the existing house and outbuildings is \$20,000.
8	1510 Lake Lucy Road Chanhassen, MN	Estate Development Corporation Michael W. & Leah R. Glaccum	8 / 2015	2.52 AC	RSF	Proximate	\$300,000	\$110,000	\$410,000	\$162,698	This publicly marketed property has a wetland area encroaching into the northwest portion. Municipal water is available to the property; however, sanitary sewer needed to be extended across the roadway at a reported cost of \$100,000. The site has been divided into four single-family lots. The site was improved with an older residence and detached garage. Razing costs are estimated to be \$10,000.
9	10861 Blossom Road Eden Prairie, MN Blossom Hill	The Pemtom Land Company James M. Wagner & Jane Wagner Weisman as Trustees of the Mary P. Wagner Trust under Agreement dated December 10, 1990	6 / 2015	6.50 AC	R1-22	Available	\$1,500,000	\$0	\$1,500,000	\$230,769	The property has been platted with 12 single-family lots. Infrastructure cost appear to be slightly lower than normal due to existing roadway connections.

Single-Family Residential Land Sales Summary Grid												
Comp. No.	Location (Intended Use)	Buyer Seller	Date of Sale	Acreage	Zoning	Utilities	Sale Price	Spcl Asmnt, Demo Cost, etc.	Total Sale Price	Price Per Acre	Remarks	
10	NEQ CoRd 27 & 154th Street W Savage, MN Tracewater 5th Addition	Trace Water V, LLC Kenneth P. Torborg, et al.	6 / 2015	28.00 AC	R-1, PMD	Available	\$2,312,524	\$0	\$2,312,524	\$82,590	This purchase is the final phase for the Trace Water development in Savage. The sale involved multiple sellers, of which the sale between Tracewater and Kenneth Torborg has three separate closings. The first sale closed in June 2015 for \$700,000. The agent reported that the total sale price is near the asking price of \$2,250,000. The remaining sellers involved the school and City, who are adjoining owners. A portion of land was split from the larger parcels in June 2015 and sold to Tracewater for a total of \$62,524. The final phase of development consists of 62 SFR lots and 22 townhome units. The total sold area is 75.69 acres; however, the majority of the site is wetland only approximately 28.00 acres is considered buildable.	
11	NWQ T.H. 55 & Argenta Trl W Inver Grove Heights, MN Blackstone Vista	The Ryland Group, Inc. Dakota 53 Properties, LP	4 / 2015	53.01 AC	A	Available	\$3,874,325	\$0	\$3,874,325	\$73,087	This is an openly marketed, arm's-length transaction. The property was zoned agriculture and guided medium density residential. The property was developed as Blackstone Vista, a 77-lot SFR development. Ryland also has a pending purchase agreement of a 58.80-acre tract located in the northeast quadrant of Argenta Trail West and 70th Street West in Inver Grove Heights, that has received preliminary plat approval as Blackstone Ridge, a 118-lot SFR development.	
12	1025 Wescott Road Eagan, MN	Wael Z.F. Sakallah Iven I. Dahi	3 / 2015	3.14 AC	A	Proximate	\$290,000	\$10,000	\$300,000	\$95,541	This property is zoned Agricultural District; however, it is guided for low-density residential development. Even so, density potential of this site is substantially limited due to wetland constraints. The site is improved with a single-family home and detached garage. Razing costs are estimated to be \$10,000. The property is 4.84 acres net of right-of-way; however, approximately 1.7 acres of the site are wetland.	
13	3401 Overlook Drive Bloomington, MN	Raptor Properties, LLC Roberta C. Laird, LLC	1 / 2015	17.09 ac	R-1	Proximate	\$2,516,650	\$15,000	\$2,531,650	\$148,136	The site is improved with a single-family home and detached garage. Razing costs are estimated to be \$15,000. The south portion of the site may be undevelopable due to steep slopes and wetland area. However, the sloping topography provides the southerly lots with views of the Minnesota River valley. Reportedly, a 13-lot single-family subdivision known as Dwan Estate, is proposed for the property.	
14	4865 Pilot Knob Road Eagan, MN Stone Run	Norton Homes, LLC Frank Lehmann	12 / 2014	4.05 ac	R-1	Available	\$319,900	\$10,000	\$329,900	\$81,457	The property was listed on the market for one day before the owner accepted a full-price offer. The property was improved with a single-family home; however, the site was purchased for redevelopment, and razing costs are estimated at \$10,000. The property was platted as Stone Run, a seven-lot SFR development.	
15	16895 Beverly Drive Eden Prairie, MN	Pulte Homes of Minnesota, LLC Roger C. & Jean M. Johnson	7 / 2014	4.99 ac	R1-13.5	Available	\$1,375,000	\$135,000	\$1,510,000	\$302,605	This is an arm's-length transaction of a property that was not exposed to the open market. Rather, the buyer is an adjacent owner/developer who approached the seller directly. At the time of sale, the property was improved with a single-family home and outbuilding. Razing costs are estimated to be \$15,000. In addition, the property had an outstanding balance of \$120,000 for special assessments from trunk utilities and road improvements, which was paid by the buyer.	
16	8233 110th Street West Bloomington, MN Rahr Preserve	Gonyea Homes, Inc. Frederick & Jodell Rahr	5 / 2014	11.91 ac	R-1	Available	\$1,475,000	\$10,000	\$1,485,000	\$124,685	The site has been developed as a 15-lot single-family subdivision. There was a small home and several small outbuildings on the site. Razing costs are estimated to be \$10,000. There are several burial mounds on the acreage which had to be left undisturbed. However, the lot configuration was developed in a way that the mounds did not have much impact on the lot yield. The south portion of the subdivision has much bigger lots that face the Minnesota River Valley.	
				9.28 ac	Median				\$99,287			
				18.71 ac	Mean (Average)				\$124,176			

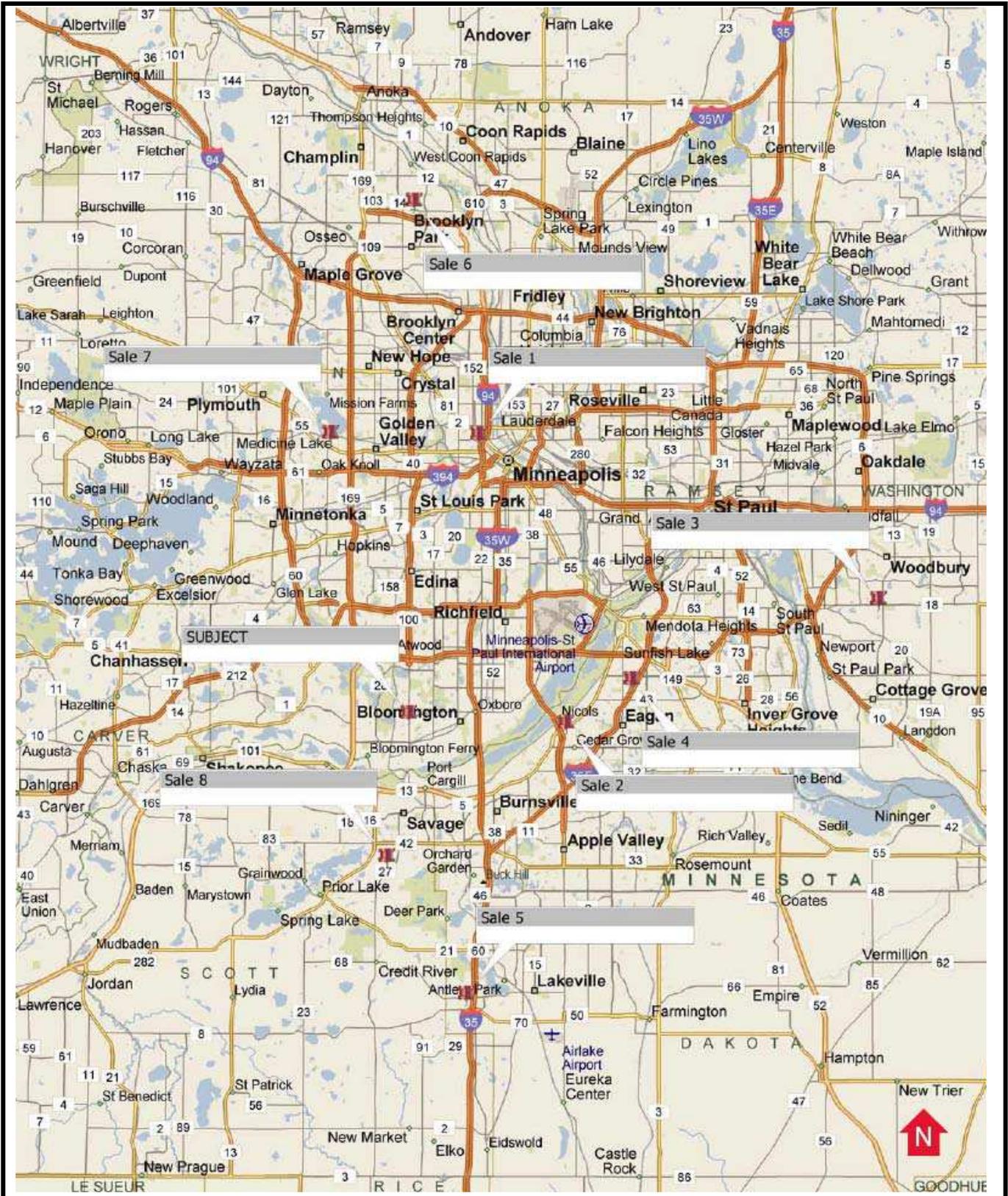
LOW-DENSITY RESIDENTIAL

Analysis

The comparable sales have a range of unadjusted sale prices from \$71,716 per acre to \$302,605 per acre, with a mean price of \$124,176 per acre. However, it is also noted that the average site size is 18.71 acres. While all of the comparable sales are considered useful in this analysis, Comparables 9, 13 and 16 are closest to the subject. These three sales range from \$124,685 per acre to \$230,769 per acre with an average of \$167,863 per acre. Even so, Comparable 16 is the second highest indicator in this sample of 16 sales, and somewhat of an outlier. Furthermore, Comparable 16 benefitted from existing roadway connections that may have reduced infrastructure costs slightly. As a result, Comparable 16 may overstate the average price of single-family development land.

Based on this data, and giving more weight to the closest sales, the appraisers conclude that land with single-family residential development potential at the subject's location should yield a price of \$150,000 to \$175,000 per acre.

Next, medium-density residential land sales are identified on a location map, followed by a summary grid and a narrative analysis of land prices.



COMPARABLE SALES LOCATION MAP – MEDIUM-DENSITY RESIDENTIAL

Medium-Density Land Sales Summary Grid

Comp No.	Location (Intended Use)	Buyer Seller	Date of Sale	Acreage	Zoning	Units	Density Units/Ac.	Utilities	Sale Price	Spcl Asmnt, Demo Cost, etc.	Total Sale Price	Price Per Acre	Price Per Unit	Remarks
1	1031 Aldrich Avenue North Minneapolis, MN (Townhomes)	Twin Cities Habitat for Humanity, Inc. Thor Construction, Inc.	6 / 2015	0.20 ac	R4	5	25	Available	\$75,000	\$0	\$75,000	\$375,000	\$15,000	This sale is five platted townhome lots. Thus, the density shown here is not representative of the entire development.
2	xxx Cedar Grove Parkway Eagan, MN (Cedar Grove Townhomes)	The Ryland Group, Inc. City of Eagan	3 / 2015	5.25 ac	PD, CGD	51	10	Available	\$900,000	\$0	\$900,000	\$171,429	\$17,647	This transaction is the sale of four parcels owned by the City of Eagan. The parcels formed two separate tracts, platted as Cedar Grove Townhomes 1st Addition and 2nd Addition. Combined, 51 units were approved within both plats.
3	7595 Bailey Road Woodbury, MN (Unspecified)	St. Therese of Woodbury, LLC Wayne O. Schilling, et al.	9 / 2014	16.42 ac	R-4 & R-1		10	Proximate	\$2,216,700	\$1,675,271	\$3,891,971	\$237,026		This is a marketed sale. The site is guided urban village and low density residential. Reportedly, the buyer was responsible for \$1,675,271 in unpaid assessments. The site was combined with additional property to the east for development of market rate apartments, senior and assisted living, as well as commercial uses. Density for the entire 147-acre project is 9.8 units/acre.
4	1319 Jurdy Road Eagan, MN (Townhomes)	Lakeshore Workforce Housing, LP Dakota County CDA	6 / 2014	5.75 ac	PD	50	9	Available	\$1,500,000	\$0	\$1,500,000	\$260,870	\$30,000	This is a related party sale between government entities. The developable portion of the site is 5.75 acres. The remaining 18.5 was conveyed to the City for park space. The 50-unit development is named Lakeshore Townhomes. The price was based on an appraisal dated June 2012.
5	207th Street Lakeville, MN (Townhomes)	Dakota County CDA Morgan Square, LLC	6 / 2014	5.01 ac	C3	36	7	Available	\$700,000	\$0	\$700,000	\$139,721	\$19,444	This is a marketed property where the buyer paid for an appraisal. However, the purchase agreement was signed in January 2009.
6	SWC Oak Grove Parkway North & Regent Ave. North, Brooklyn Park, MN	Summit Land Development, LLC Sugar Management, LLC	1 / 2014	5.36 ac	TC	46	9	Available	\$221,040	\$0	\$221,040	\$41,239	\$4,805	This is a publicly marketed property. The site was advertised as zoned for medium-density development with entitlements in place.
7	10900 South Shore Drive Plymouth, MN (Condominiums)	Smart Living, LLC Lorelei A. Davis	11 / 2013	0.93 ac	RMF-4	9	10	Available	\$275,000	\$8,000	\$283,000	\$304,301	\$31,444	At the time of sale, the property was improved with a 2-story, single-family residence; however, the site was marketed for multi-family development and the buyer razed the home. According to the selling agent, \$8,000 was estimated for razing the home. The buyer planned for a 9-unit condominium complex.
8	7460 150th Street West Savage, MN (Townhomes)	Robert A. Storm Steven T. & Colleen O'Donnell Roess	5 / 2013	1.84 ac	R-2	8	4	Available	\$97,300	\$0	\$97,300	\$52,680	\$12,163	This is a publicly marketed property. The buyer was looking for a site to relocate a single-family home. However, the property is guided medium density and the property was previously platted for nine townhome lots. The buyer subsequently revised the number of units to eight.
				5.13 ac			9.5				Median	\$139,721		
				5.10 ac			10.5				Mean (Average)	\$197,808		

MEDIUM-DENSITY RESIDENTIAL

Analysis

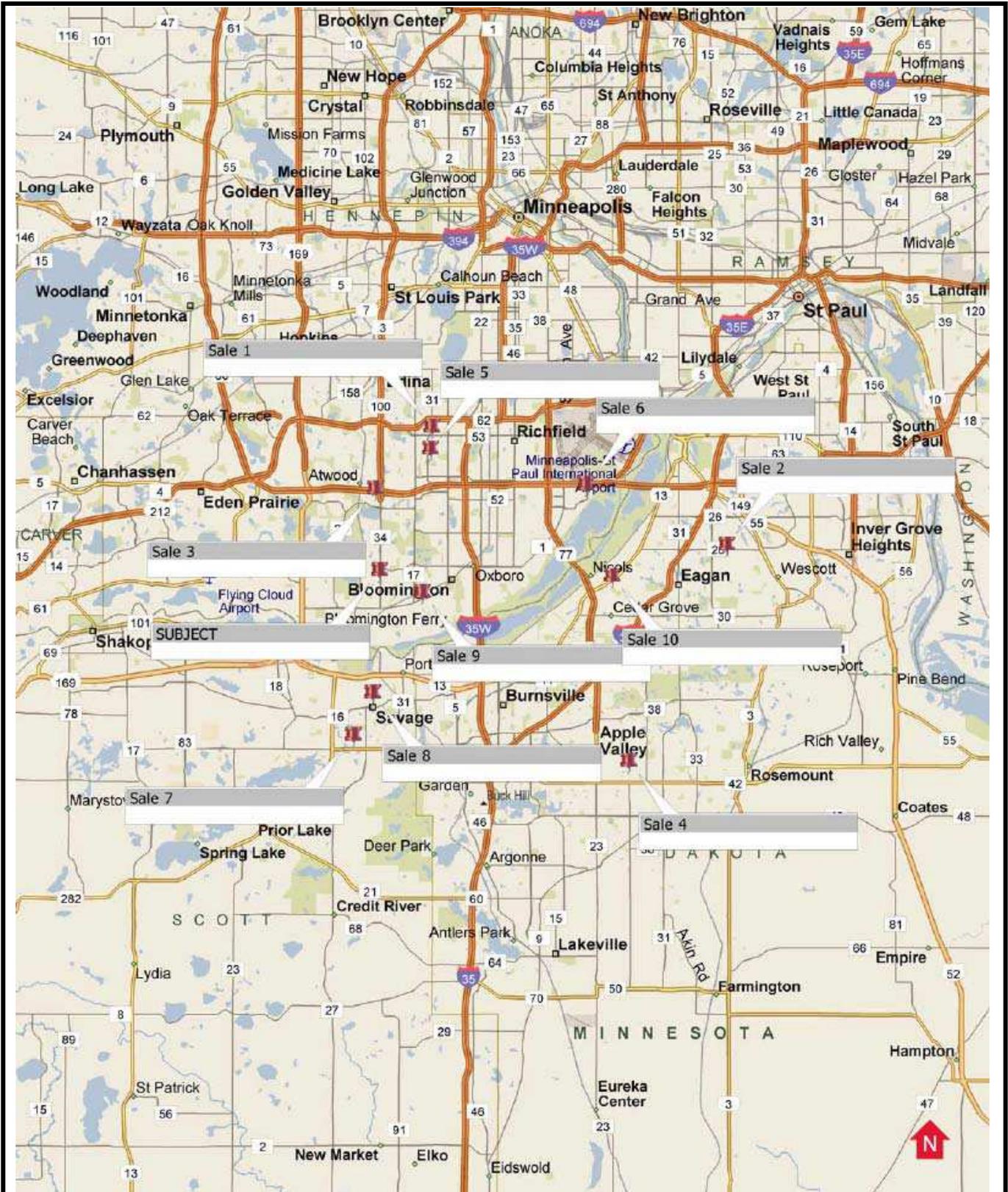
The comparable medium-density residential sales have a range of unadjusted sale prices from \$41,239 per acre to \$375,000 per acre, with a mean price of \$197,808 per acre. This large range of prices is indicative of the townhome market in the Twin Cities Metropolitan Area. Prices vary widely depending on specific site characteristics and community demand.

Prior to the recession, townhome properties were highly valued with extensive construction projects underway. As a result, there was a large supply of townhomes on the market when the recession began. Since that time, townhome developers have been very tentative to re-enter the market. As noted by the lack of sales over the greater metropolitan area, development in medium-density residential category has been sporadic.

Excluding the two high indicators which are small tracts of land and the two low indicators which are more outlying locations than the subject, the remaining four sales have a range in price from \$139,721 per acre to \$237,026 per acre, with an average of \$202,262 per acre. However, the sale price for Comparable 5 was negotiated in 2009. As such, Comparable 5 likely understates the average price of medium-density residential land. Alternatively, Comparable 2 is given the most weight. Comparable 2 was purchased by a private developer solely for townhouse development.

Based on this data, and giving the most weight to Comparable 2 and supporting weight to Comparables 3, 4, and 5, the appraisers conclude that land with medium-density residential development potential at the subject's location should yield a price of \$175,000 to \$200,000 per acre.

Lastly, high-density residential land sales are identified on a location map, followed by a summary grid and a narrative analysis of land prices.



COMPARABLE SALES LOCATION MAP – HIGH-DENSITY RESIDENTIAL

High-Density Land Sales Summary Grid														
Comp No.	Location (Intended Use)	Buyer Seller	Date of Sale	Acreage	Zoning	Units	Density Units/Ac.	Utilities	Sale Price	Spcl Asmnt, Demo Cost, etc.	Total Sale Price	Price Per Acre	Price Per Unit	Remarks
1	3200 Southdale Circle Edina, MN (Multi-Family Luxury Apartments)	KM2 Development, LLC Richard M. Schulze & Maureen Green Schulze	8 / 2016	1.77 ac	PCD-3	210	119	Available	\$4,500,000	\$50,000	\$4,550,000	\$2,570,621	\$21,667	Based on the Certificate of Real Estate Value, this is a publicly marketed property. This site is improved with a Best Buy store that will be razed by the buyer, for construction of a six-story, 210-unit, luxury apartment complex. Razing costs are estimated to be \$50,000.
2	1000 Station Trail Eagan, MN (Multi-Family Senior Living)	Stonehaven Senior Housing Owner, LLC U.S. Home Corporation	1 / 2016	3.57 ac	PD	138	39	Available	\$1,150,000	\$0	\$1,150,000	\$322,129	\$8,333	Based on the Certificate of Real Estate Value, this is a publicly marketed property. The site is sloping and requires extraordinary site preparation to facilitate development. The property is being developed with a four-story, 138-unit senior housing facility known as Stonehaven Senior Living.
3	8101 Normandale Lake Boulevard Bloomington, MN (Multi-Family Apartment)	Invest Bloomington I, LLC Duke Realty Limited	10 / 2015	2.59 ac	C-4, PD	179	69	Available	\$2,098,000	\$0	\$2,098,000	\$810,039	\$11,721	The site did not have full entitlements at the time of the purchase agreement. The property was developed with a five-story, 179 unit apartment building with two levels of below grade parking. The development required complex title work and easement documents.
4	NWC 147th St. W. & Flagstaff Ave. Apple Valley, MN (Townhomes)	Continental 313 Fund, LLC Palm Realty, Inc. & Profinium, Inc.	5 / 2015	20.24 ac	PD-646	280	14	Available	\$3,242,000	\$0	\$3,242,000	\$160,178	\$11,579	This is the combined sale of two parcels from two different sellers. The parcels have been combined as the "Springs at Apple Valley".
5	7141 York Avenue South Edina, MN (Multi-Family Senior Living)	Continental Gardens Senior Living, LLC MDR Real Estate Holdings II, LLC	4 / 2015	1.76 ac	PSR-4	96	55	Available	\$1,000,000	\$0	\$1,000,000	\$568,182	\$10,417	Plans are for a four-story, 96-unit, senior apartment complex with 30 memory care units.
6	8001 33rd Avenue South Bloomington, MN (Multi-Family Apartment)	LMC Bloomington Holdings, LLC Port Authority of the City of Bloomington	12 / 2014	4.84 ac	HX-R, PD	394	81	Available	\$7,273,000	\$0	\$7,273,000	\$1,502,686	\$18,459	This site to be developed with a 394-unit apartment building named the IndiGO. The transaction is part of a development agreement with McGough involving the South Loop TIF District. Lennar multifamily agreed to pay \$7,273,000 (\$18,459/unit for the land). As part of the TIF financing, the Port Authority did a land write down of \$4,150,000.
7	14084 Allen Boulevard Savage, MN (Multi-Family Apartment)	Continental 298 Fund, LLC Sharon Allen, et al.	5 / 2014	20.20 ac	PMD	288	14	Available	\$4,142,033	\$0	\$4,142,033	\$205,051	\$14,382	This is an openly-marketed, arm's-length transaction. The site is being developed as a 14-building, 288-unit apartment community. Surrounding land uses include single-family residential, a medical clinic, and other service commercial and retail commercial uses.
8	McQuiston Court Savage, MN (Multi-Family Senior Living)	Cherrywood Pointe of Savage, LLC Karl Bohn	4 / 2014	4.99 ac	PMD	123	25	Available	\$815,000	\$144,000	\$959,000	\$192,184	\$7,797	The property was not openly marketed and involved the buyer approaching the seller for development of a 123-unit assisted living facility. In addition to the sale price, the buyer paid approximately \$144,000 for special assessments. The seller opined the total sale price was market value. The northern portion of the property is sloping and required extraordinary site preparation cost to facilitate development. The site overlooks the Minnesota River Valley.
9	10650 Beard Avenue South Bloomington, MN (Multi-Family Senior Living)	United Properties Residential, LLC Mount Hope Lutheran Church	4 / 2014	3.51 ac	RM-24(PD)	77	22	Available	\$1,000,000 \$1,300,000	\$0 \$0	\$1,000,000 \$1,300,000	\$284,900 \$370,370	\$12,987 \$16,883	The seller subdivided the property and sold 3.51 acres for a senior housing facility. The buyer has since constructed a 77-unit co-op that was completed in 2015. In addition to the purchase price, the seller will receive a percentage of the profits, up to \$300,000.
10	3825 Cedar Grove Parkway Eagan, MN (Mixed-Use, Commercial & Multi-Family Apt.)	The Flats at Cedar Grove, LLC Eagan Economic Development Authority	1 / 2014	4.81 ac	PD, CGD	192	40	Available	\$1,809,000	\$0	\$1,809,000	\$376,091	\$9,422	This property was publicly marketed and an appraisal was completed in conjunction with the sale. The property is located in a redeveloping area of Eagan, proximate to the Twin Cities Premium Outlets. The site has been developed with a four-story building that includes 192 apartment units and approximately 13,000 SF of retail space.
				4.19 ac					Median		\$370,370	\$11,721		
				6.83 ac					Mean (Average)		\$669,312	\$13,059		

HIGH-DENSITY RESIDENTIAL

Analysis

Unlike townhome development, multi-family housing has been in high demand during and after the recession. Rental rates have been increasing across most housing types and vacancy rates remain near historic lows. As noted in the Residential Market section of this report, vacancy rates in Bloomington were below 2% in 2015, with expectations that vacancy rates will remain low for the near term.

The comparable high-density residential sales have a range of unadjusted sale prices from \$160,178 per acre to over \$1.5 million per acre. Alternatively, the prices range from \$7,797 per unit to \$21,667 per unit, with an average of \$13,066 per unit. The wide range of prices per acre demonstrates that most market participants evaluate high-density residential land based on potential density yield rather than on a per acre basis.

Comparables 3, 6, and 9 are located in the City of Bloomington, similar to the subject. The average price of these three sales is \$15,688 per unit. More weight is given to these sales. However, two of these sales are very close to Interstate 494 providing superior access to regional transportation routes. Even so, the indicated price of Comparable 9, which is located more distant from the freeway, is higher than the average price per unit. The remaining sales are given supporting weight.

Based on this data, the appraisers conclude that land with high-density residential development potential at the subject's location should yield a price of \$14,000 to \$16,000 per unit. This conclusion equates to a price range of roughly \$250,000 per acre to \$350,000 per acre, based on a proposed density of 18-22 units per acre.

ADDENDA

CONTINGENT AND LIMITING CONDITIONS

(Pages 29-31)

CONTINGENT AND LIMITING CONDITIONS

The value estimates and conclusions in the appraisal are made subject to these assumptions and conditions:

1. No title search has been made and the reader should consult an appropriate attorney or title insurance company for accurate ownership data. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The legal description, furnished or otherwise, is assumed to be correct. No responsibility is assumed for the legal description or for matters including legal or title considerations.
3. The information contained in this report is not guaranteed, but it has been gathered from reliable sources. The appraiser(s) certify that, to the best of their knowledge and belief, the statements, information and materials contained in the appraisal are correct.
4. All value estimates in this report assume stable soil and any necessary soil corrections are to be made at the seller's expense, unless otherwise noted.
5. The site plan, if any, in this report is included to assist the reader in visualizing the property, but we assume no responsibility for its accuracy.
6. The market value herein assigned is based on conditions, which were applicable as of the effective date of appraisal, unless otherwise noted.
7. The appraiser(s) that signed this report shall not be required to prepare for, or appear in court, or before any board or governmental body by the reason of the completion of this assignment without predetermined arrangements and agreements.
8. Surveys, plans and sketches may have been provided in this report. They may not be complete or be drawn exactly to scale.
9. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person, other than the party to whom it is addressed, without the written consent of the appraiser, and in any event only with properly written qualification and only in its entirety.
10. Information in the appraisal relating to comparable market data is more fully documented in the confidential file in the office of the appraiser.

CONTINGENT AND LIMITING CONDITIONS

(Continued)

11. All studies and field notes will be secured in our files for future reference.
12. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. And, it is assumed that the utilization of the land and any improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
13. The distribution of the total valuation in this report between land and any improvements, if stated, applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
14. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
15. The appraiser was not aware of the presence of soil contamination on the subject property, unless otherwise noted in this appraisal report. The effect upon market value, due to contamination was not considered in this appraisal, unless otherwise stated.
16. The appraiser was not aware of the presence of asbestos or other toxic contaminants in any building(s) located on the site, unless otherwise noted in this report. The effect upon market value, due to contamination was not considered in this appraisal, unless otherwise stated.
17. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
18. The value stated in this report is fee simple, assuming responsible ownership and management, unless otherwise indicated. This appraisal recognizes that available financing is a major consideration by typical purchasers of real estate in the market, and the appraisal assumes that financing is or was made available to purchasers of property described herein.

CONTINGENT AND LIMITING CONDITIONS

(Continued)

19. The appraiser has neither present nor contemplated interest in the property appraised and employment is not contingent upon the value reported.
20. Unless otherwise stated in this report, the appraisers have not made a survey or analysis to determine whether any buildings on the property are in compliance with "The Americans with Disabilities Act" (ADA). If the property is not in compliance with the ADA, it could have a negative effect on the value of the property.
21. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

APPRAISER QUALIFICATIONS

(Pages 33-35)

QUALIFICATIONS OF

RANDY J. DEONES

PROFESSIONAL AFFILIATIONS

Practicing Affiliate, Appraisal Institute, December 2011
Minnesota Certified General Real Property Appraiser, License No. 40264161

BUSINESS EXPERIENCE

Patchin Messner Dodd & Brumm, June 2011 to Present
Licensed Oregon Real Estate Broker, 2008 to 2011
Land Developer, Self-employed, 2003 – Present
Metron & Associates - Licensed Land Surveyor, Washington State; License No. 35970 1995-2005

EDUCATIONAL WORK

Bachelor of Science Degree in Resource Management, University of Wisconsin, graduated 1988

SPECIALIZED REAL ESTATE TRAINING

General Appraiser Income Approach - 2013
General Appraiser Market Analysis and Highest and Best Use - 2012
Statistics Modeling and Finance – 2012
General Appraiser Sales Comparison Approach – 2012
Business Practices and Ethics - 2012
Basic Appraisal Principles - 2011
Basic Appraisal Procedures – 2011
2010-2011 National USPAP
Oregon State and Federal Real Estate Broker Exam - 2009
Oregon Registered Appraisal Assistant Qualification – 2008
Wetland Soils Course, Everett Community College - 1998

SEMINARS ATTENDED:

L.S.A.W. Conferences 1995-2005
Real Estate Broker, Continuing Education
1031 Exchanges
Legal Lot Status
Tax Planning
Investment Evaluation

APPRAISAL EXPERIENCE

Preparation of appraisals for condemnation, estate planning, property tax appeal, acquisition/disposal and special benefit purposes. Properties appraised include historic building, office buildings industrial properties, retail properties, and development land. Specialize in litigation valuation of development land and commercial, industrial and investment properties.

APPRAISAL CLIENTS INCLUDE

100 University Family Limited Partnership	Iverson Reuvers
Assured Financial, LLC	Leonard, Street and Deinard
Campbell, Knutson, P.A.	Ramsey County
Carver County	Scott County Public Works
Chisago County Public Works	Siegel Brill
Dakota County	Sjoberg & Tebelius
Great River Energy	SRF Consulting Group, Inc.
Estate of Lawrence An-Shih-Liu	Walmart Realty
Felhaber Larson Fenlon & Vogt	Washington County
Hennepin County	

Cities: Burnsville, Carver, Chanhassen, Chaska, Eden Prairie, Farmington, Lino Lakes, Rosemount, Victoria

QUALIFICATIONS OF

JASON L. MESSNER

PROFESSIONAL AFFILIATIONS

MAI Member, Appraisal Institute

Certified General Real Property, State of Minnesota, License No. 4000836
Member, Minneapolis Area Association of Realtors
Member (No. 6591), International Right of Way Association

BUSINESS EXPERIENCE

Patchin Messner Dodd & Brumm, President/Principal, 2001 to Present
Patchin Messner Appraisals, Inc., Principal, 1995 to 2000
Peter J. Patchin & Associates, Inc., Associate Appraiser, 1986-1994
Century 21 Granite City Real Estate, Residential Salesperson, 1985

EDUCATIONAL BACKGROUND

Bachelor of Science Degree, St. Cloud State University, majored in Real Estate, graduated Magna Cum Laude, 1986
Associate in Arts Degree in Business Administration, Willmar Community College, graduated with honors, 1984

SPECIALIZED REAL ESTATE TRAINING

Basic Valuation Procedures, American Institute of Real Estate Appraisers, 1986
Real Estate Appraisal Principles American Institute of Real Estate Appraiser, 1986
Capitalization Theory and Techniques (Part A), A.I.R.E.A., Minneapolis, MN, 1987
Standards of Professional Practice, A.I.R.E.A., Minneapolis, MN, 1988; Appraisal Institute, Minneapolis, MN, 1994
Capitalization Theory and Techniques (Part B), A.I.R.E.A., Minneapolis, MN, 1989
Case Studies in Real Estate Valuation, American Institute of Real Estate Appraisers, Mpls., MN, 1990
Report Writing & Valuation Analysis, Appraisal Institute, Minneapolis, MN, 1991

SEMINARS ATTENDED

Appraisal Institute

Income Property Valuation for the 1990s
Condemnation: Legal Rules and Appraisal Practices
Special-Purpose Properties: The Challenges of Real Estate Appraising in Limited Markets
New Industrial Valuation
The Road Less Traveled: Special Purpose Properties
National Uniform Standards of Professional Appraisal Practice Update
The Appraiser as Expert Witness
The Appraisal of Local Retail Properties
Valuation of Detrimental Conditions in Real Estate
Analyzing Distressed Real Estate
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)
Valuation of Donated Real Estate, including Conservation Easements

Minnesota Institute of Legal Education

Hazardous Waste Litigation
Eminent Domain
Property Tax Appeals

APPRAISAL EXPERIENCE

Preparation of appraisals for condemnation, tax appeal, litigation, financing, debt restructuring, acquisition/disposal, and special assessment appeal. Properties appraised include: office buildings, warehouses, service stations, manufacturing plants, medical and veterinary clinics, shopping centers, restaurants, apartment buildings, subsidized housing, research and redevelopment buildings, grain elevators, flour mills, special-purpose properties, lands, air rights, avigation easements, utility easements, highway easements, and environmentally impaired properties. Specialize in litigation valuation of commercial, industrial, development land and investment properties.

QUALIFICATIONS OF

JASON L. MESSNER (CONTINUED)

RELATED EXPERIENCE

Participant in the writing of The Effect of Contamination on The Market Value of Property, Federal Highway Admin.; Office of Right-of-Way, Washington, DC, 1993

Faculty participant at the Hazardous Waste Litigation seminar, Minnesota Institute of Legal Education, 1995

Adjunct lecturer on environmental appraisal issues, University of St. Thomas, Mpls., MN, 1996 and 2002

Faculty participant at the Annual Right-of-Way Professionals Conference, Minnesota Department of Transportation, 2004, 2005, 2007 and 2014

Metro/Minnesota Chapter of the Appraisal Institute; Education Coordinator – 1997 through 2001, Secretary – 2001, Vice President – 2002, President – 2003, Region III Representative - 2008 through 2011. National Board of Directors of the Appraisal Institute, 2012 to present.

APPRAISAL CLIENTS INCLUDE

Alliant Techsystems, Inc.
Bank of America
B.P. Oil Pipeline Company
Burlington Northern Railroad Company
Campbell Soup Company
Ceridian Corporation
CMC Heartland Partners
Deluxe Check Corporation
Equitable Life Assurance Co.
Exxon Mobil Corporation
Farm Credit Services
First Bank Systems
Great River Energy
Heitman Realty Company
Honeywell, Inc.
IBM Corporation
IDS Financial Services
Internal Revenue Service
Jostens, Inc.
LaSalle National Bank
Lockheed Martin
Louisville Regional Airport Authority

Medtronic, Inc.
Metropolitan Airports Commission
Mpls. Community Planning and Economic
Development (CPED)
Minnesota Department of Transportation
3M Corporation
Northwest Airlines, Inc.
Northwestern Mutual Life Insurance Co.
Old Dutch Foods
Philips Lighting
Resolution Trust Corporation
Reynolds Metals Company
Soo Line Railroad Company
Unisys Corporation
University of Minnesota
U.S. Environmental Protection Agency
U.S. Fish & Wildlife
U.S. Postal Service
Wells Fargo
Williams Pipeline Company
Xcel Energy

Other clients include various Cities (Andover, Belle Plaine, Bloomington, Brooklyn Center, Burnsville, Cambridge, Chanhassen, Chaska, Cokato, Columbia Heights, Crystal, Duluth, Elk River, Farmington, Jordan, Lake City, Lino Lakes, Marshall, Medina, Minneapolis, Minnetonka, New Brighton, New Prague, Osseo, Prior Lake, Ramsey, Richfield, Robbinsdale, Rochester, St. Paul, St. Louis Park, Savage, Shakopee and Victoria), and Counties (Benton, Brown, Carver, Clay, Dakota, Douglas, Goodhue, Hennepin, Jackson, McLeod, Murray, Nicollet, Otter Trail, Ramsey, Scott, Sherburne, Stearns, Steele and Washington), in the State of Minnesota.

COURT EXPERIENCE

Qualified as an expert witness in Minnesota Tax Court, U. S. District Court (Minnesota), Anoka, Carver, Dakota, Hennepin, Isanti, Ramsey, Rice, Scott, Wabasha, Washington and Wright County District Court and various Commission Hearings.